

### PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C fell 3.50% in February, net of fees. The Carnegie Small Cap Return Index Nordic rose 0.54% in February.

The fund's larger holding in **Golden Ocean** (shipping) provided a solid contribution while the other larger holdings underperformed the overall market during the month. Among our mid-sized positions, **Kahoot** (software) and **Momentum Group** (industrial sales) provided good contributions. The fund's mid-sized holding in **Sinch** (software) had a negative contribution following a strong return in January. We noted strong share price performance from our minor holding in **Belships** (shipping). Our short positions impacted performance negatively in the aggregate, where our larger OMX index future hedge impacted the most.

Adrigo Small & Midcap L/S Class A has returned 68.3% since inception, net of fees. The compounded return has been 10.3% per year since inception. In the same period, the benchmark STIBOR 1M rate has returned 0.5% and the Carnegie Small Cap Return Index Nordic has a gain of 72.2%.

### MARKET COMMENT & THE COMPANIES

**Lundbeck** (pharmaceuticals), focused on the central nervous system (CNS), is a large new holding in the fund. The company has gone through a difficult period. Patent expiry combined with major R&D setbacks has taken its toll on investor confidence. The share is down by some 50% over the last five years. A new CFO joined late last summer and earlier this year, Lundbeck reset its financial targets. The stock market had no confidence in the old ambitions, while the new targets seem achievable. We believe Lundbeck has turned the corner and see a good sales outlook for its strategic brands.

The fastest-growing brand is Vyepti, a treatment for migraines, which is now available in 12 countries and grew 104% in 2022. Yepti has reached a 5.4% market share in the US despite fierce competition from Abbvie. In 2023, the drug will be launched in another 15 countries. Overall, Lundbeck's four strategic brands (accounting for 67% of total sales) grew by 20% in 2022. We also see upcoming catalysts from its pipeline. Lundbeck is targeting a treatment for agitation associated with Alzheimer's dementia. Agitation is the most cited reason for patients to move to nursing homes. Agitation is reported in around 45% of Alzheimer's patients and is a huge unmet medical. Lundbeck and its partner Otsuka have delivered data from two positive Phase III trials, and we believe there is a good chance for approval. According to Lundbeck, the trial indications have blockbuster potential.

The reopening of China is one of the reasons why we have initiated a position in the dry bulk shipping company **Golden Ocean** (shipping). The shipping industry is often associated with high volatility, and we often look for shares with good liquidity. Moreover, we appreciate that Golden Ocean uses its strong balance sheet wisely. The company has repeatedly repurchased shares and distributed cash to its shareholders. With a fleet of 93 vessels, Golden Ocean is one of the world's largest dry bulk shipping companies. The fleet predominantly consists of Capesize vessels, the largest dry cargo ships with a carrying capacity of 170,000 dwt. These vessels ship, e.g., iron ore and coal for the steel industry, thus the Chinese market is an important market. Having followed the sector for some 35 years, we know from experience that good times (always) lead to too much optimism among ship owners. The optimism will lead to new vessel orders, subsequent oversupply, and poor profitability. The current Capesize order book corresponds to only six percent of the active fleet, a 30-year low. We believe the supply/demand balance will be heavily skewed to Golden Ocean's advantage over the forthcoming 12 months resulting in solid cash flows that will be distributed to shareholders.

The initial months of 2023 have been strong for the overall market. We have not delivered in line with the market, which we are dissatisfied with. We once again emphasize our long-term perspective and that we mainly invest (approx. 70% of the fund) with a time horizon of three to five years. Regardless of a three to five year horizon, we are looking for catalysts that will change the perception and thus drive the multiple higher. Lundbeck is one such holding. We also continue to have confidence in Bonesupport's expansion in the US and expect a strong recovery in Europe, primarily Germany. Healthcare has large exposure in the fund, and we continue to find more non-cyclical companies with solid growth outlooks, driven by e.g. the backlog of surgeries and digitalization. 30% of the fund is more short-term, with a 12-month horizon. Here we have companies like Golden Ocean, Dolphin Drilling (oil service), and Belships, that are ultra-cyclical. We are attracted by today's supply situation, a thin order book, and strong demand, which will drive strong cash flows in the coming year.

Finally, we would like to thank you, our co-investors for your trust!

### VISITS DURING THE MONTH

We met several of our larger positions: Bonesupport, Getinge, and Online Brands. We also had a fruitful meeting with Kahoot during the month.

Otherwise, we have noted that activity among potential IPOs has increased. We also see increased inquiries from companies planning to raise equity.

### LARGEST CONTRIBUTORS

- Golden Ocean – Shipping
- Kahoot – Software
- Short position – Real estate
- Momentum Group – Industrial sales
- Belships – Shipping

5 YEARS

### Portfolio management



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### Fund information

Launch date	2017-11-01
ISIN	SE0010440735
Subscription fee	0%
Redemption fee	0%
Fixed management fee	1%

Performance related management fee 20% of total return exceeding STIBOR 30 days rate after deduction of fixed fee ("high water mark").

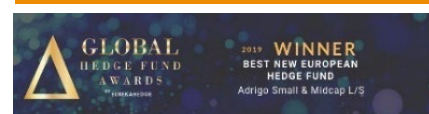
**Deposit:** Initial minimum SEK 1000.

### Risk and reward profile



#### Important information:

Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds, such as the prospectus, key investor information documents (KIID) and financial reports is available on [adrigo.se](http://adrigo.se).

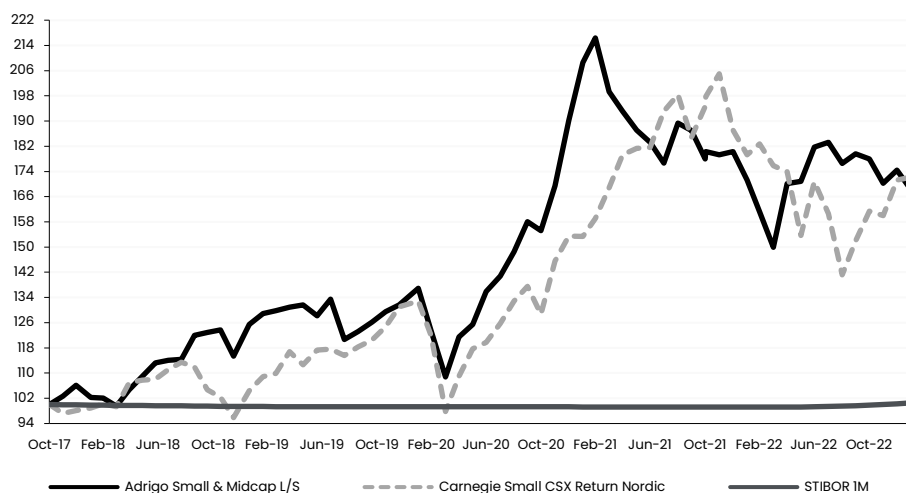


# ADRIGO SMALL & MIDCAP L/S

February 2023

## Performance

Nov 2017 – Feb 2023



### Focus of Investment:

Adrigo Small & Midcap L/S is a hedge fund focusing on investments in Nordic equities and equity-related instruments in the segment of small and medium-sized companies.

### Objective

High absolute return at a lower risk than the overall equity market.

### Strategy

Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.

### Trading Day

Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.

### NAV

NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.

### Deposit

Initial minimum SEK 1000.

### Custodian

Skandinaviska Enskilda Banken AB (publ)

### Portfolio manager

Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.

### Management company

East Capital Asset Management S.A.

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Key and Risk figures	28/02/23	1 M	12 M	Since inception
NAV Class A, SEK	168.33			
NAV Class C, SEK	2 064.14			
Performance, % *		-3.50	-1.71	68.33
STIBOR IM, %		0.25	1.34	0.50
Std deviation, % *, **			19.91	18.61
Sharpe ratio *			-0.09	0.55
Net exp. to eq. %	58.8			

\*Refers to Class A \*\*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023 Class C	2.48	-3.50											-1.11
2023 Class A	2.47	-3.50											-1.12
2022 Class C					12.87	0.32	5.08	0.72	-3.67	1.71	-0.90	-4.34	11.31
2022 Class A	0.56	-5.01	-5.90	-7.01	13.56	0.40	6.36	0.85	-3.67	1.71	-0.91	-4.34	-5.05
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21	-1.24	-4.86	1.31	-0.57	-5.74
2020	4.04	-9.92	-11.79	11.65	3.21	8.42	3.53	5.51	6.47	-1.81	9.16	12.25	44.53
2019	8.73	2.71	0.74	0.86	0.53	-2.61	4.16	-9.63	2.11	2.40	2.66	1.65	14.09
2018	-3.65	-0.22	-2.53	5.24	4.12	3.86	0.79	0.25	6.61	0.75	0.67	-6.70	8.69
2017											2.65	3.40	6.14

Source: Adrigo Asset Management

### Important Information:

Adrigo Small & Midcap L/S are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds. Investments in funds always involve risks. Past performance is no guarantee for future performance. Fund units may increase or decrease in value and may be affected by changes in exchange rates and other factors. Investors may not get back the amount invested. Before investing, please read the fund regulations and the information memorandum carefully. For full information, such as the information memorandum, key investor information documents (KIID) and financial reports please see [www.adrigo.se](http://www.adrigo.se). The availability of the fund may be limited or restricted in some countries. Detailed information about where the funds are registered and what types of distribution are permitted can be obtained from Adrigo Asset Management. The information about the fund is only directed at those investors located where Adrigo is authorized to make this information available and is not intended for any use which would be contrary to local law or regulation. Consequently, the Adrigo funds may not be offered, sold or distributed in these countries unless such offer, sale or distribution is made in accordance with any applicable exemption from any registration requirements provided by the local securities laws and regulations. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase and holding of shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of shares.